

Regents: Efficiency study could curb tuition hikes at state universities

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Written by

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Unpopularity of cutting programs

Restructuring Iowa's universities is not an easy task.

In 1989, the consulting firm Peat Marwick Main and Co. made numerous recommendations on how to save money at Iowa State University, University of Iowa and University of Northern Iowa.

The result was angry faculty and lawsuits.

Eventually, ISU sold its commercial television station and eliminated three doctoral programs and an undergraduate program in education; U of I closed its dental hygiene program.

Things were just as tense in early 2012 when Benjamin Allen, then UNI's president, proposed slashing a quarter of the university's academic programs and closing Malcolm Price Laboratory School. Faculty called for his resignation and voted that they had no confidence in Allen.

The regents backed Allen's recommendations for UNI, which draws most of its students from Iowa.

The largest spending review in history at Iowa's public universities could pave the way to more online classes, keep tuition increases in check and boost state funding, leaders of the Iowa Board of Regents said.

The goal is to ensure an affordable and quality public education for any Iowan who wants it, officials said. Everything from overlapping management and duplicate academic programs to athletics and infrastructure will be scrutinized.

The Regents last week approved a \$2.5 million contract for Deloitte Consulting to conduct the efficiency review.

A similar study in the late 1980s that cost \$1.25 million resulted in the examination of unnecessary duplication of academic programs at Iowa's three universities.

One hope is that the new review will spark growth in online classes, which have been slow to gain traction at research universities nationwide, Regents Executive Director Robert Donley said.

"We have to transform," Donley said, noting some estimates show that half of U.S. college students will take an online course within two years. Today about one-third of students have taken an online course.

Look for cuts to ineffective programs to free up money for more spending in key areas of teaching and research, several experts said.

“Any cost savings will be reinvested in universities,” Regents President Bruce Rastetter said. “This isn’t a zero-sum game where if an inefficiency is found (the money) is cut.”

Iowa regents hope to have a list of changes by the end of this year pulled from recommendations by the consultant, faculty, staff and the public. Cuts and a reorganization could start in 2015.

Study could result in lower student debt

Signs of success for the results of a new efficiency study would include modest tuition increases, lower student debt and more state funding, according to one expert at the University of Maryland, a university system that’s a decade into a similar process.

Increased political support in that state arrived after university officials could point to audited reports that showed skeptical legislators the institutions had found millions of dollars in wasted taxpayer money, said Joe Vivona, CEO and a vice chancellor at the University System of Maryland.

Instead of budget fights, legislators “patted us on the back for the great job we did,” Vivona said.

Maryland saw state funding increase by 8 percent between 2009-10 and 2013-14. Iowa, in contrast, saw support drop by nearly 10 percent.

This kind of support has allowed Maryland’s tuition to fall from seventh-highest in the country in 2005 to 27th-highest.

The last efficiency study of Iowa’s three state universities was plagued by controversy and political battles.

Twenty-five years ago, the most drastic changes recommended never happened due to intense lobbying.

A consultant recommended changes that would have saved up to \$31.5 million, but most of the academic program changes were not adopted after faculty said educational quality would be harmed.

One high-profile example: The Iowa State University journalism program was on the chopping block, but still exists today.

Also not accomplished a quarter-century ago: a slowdown in tuition hikes. Tuition jumped nearly 70 percent in the decade after the 1989 efficiency study.

Goal: Complete study by year's end

Early cooperation with faculty — something that did not happen in 1989 — must take place for an efficiency review to result in real change, regents officials say.

“If you’re not involved (with faculty) early on, you’re going to have push-back,” Regent Subhash Sahai warned the board last week.

Some faculty say the quick pace of the project, which would finalize an efficiency plan by the end of the year, raises concerns.

Professors can’t gather quality information by the end of May, said Joe Gorton, University of Northern Iowa faculty union president.

“That’s a very narrow time frame,” Gorton said. “I just don’t see how you facilitate acquiring, gathering or collecting a meaningful amount of input from the faculty.”

Rastetter, the regents president, said the board wants to gain broad support through a transparent process. He said there will be public meetings on campuses, a website where Iowans can submit suggestions and regular communication with faculty.

A final report will go to the Legislature that details what the universities are doing well and what needs to be changed, Rastetter said. To ensure recommended changes happen, he said, an outside group will likely be hired to audit the plan’s implementation.

Cuts already made in recent years

Deloitte, the consulting group, said savings of six to 10 times the money spent on the efficiency review — \$2.5 million — is typical, according to board members.

Any savings in Iowa will be in addition to cuts already made since the Great Recession. The universities have trimmed more than \$7 million a year in spending with changes such as purchasing computer software and hardware in bulk and changing how bids on construction projects are made, according to a 2011 efficiency report.

A 2009 early retirement plan cut \$175 million from the budget, board officials said.

Maryland over the past decade has found \$350 million to trim and reinvest.

Universities around the country found similar savings to office and business operations after the recession, said Daniel Hurley of the American Association of State Colleges and Universities in Washington, D.C.

Hurley said the national trend now is to search for efficiencies in academic programs, something Iowa plans to do.

“It’s hard to argue we shouldn’t look at the academic side for efficiencies, but that discussion should be hand-in-hand with the maintenance if not improvement of quality,” he said.

In Iowa, this could mean one faculty member going online to teach entry-level courses — think Chemistry 101 — at all three public universities. Donley, the regents executive director, said he would like to see more of this type of collaboration between campuses.

“The entire world is transforming every day,” Donley said. “Students are taking classes at midnight, and they’re sleeping during the day.”